

THOMAS H. SMITH AND SON.

LETTER

FROM

THE SECRETARY OF THE TREASURY,

IN RELATION TO

*A compromise with the trustee of the late firm of Thomas H. Smith and Son, authorized by an act of Congress of 15th June, 1832.*

DECEMBER 9, 1834.

Read, and referred to the Committee of Ways and Means.

TREASURY DEPARTMENT,

December 8, 1834.

SIR: By an act of Congress passed the 15th of June, 1832, power is conferred upon the Secretary of the Treasury "to compromise and finally settle with the trustee of the late firm of Thomas H. Smith and Son all the claims of the United States upon the said firm and their securities, upon such terms as he may deem most conducive to the best interests of the United States."

When entering on my present duties, this compromise had not been effected; and on ascertaining that the offers then made for a compromise differed substantially in their character and amount from those made previous to the passage of the act, and which, probably, led to its passage, the undersigned did not feel justified in accepting them without the approbation of Congress.

The papers annexed, marked A and B, will show the previous and the recent offers, and the communication made thereon by the department to the trustee of Thomas H. Smith and Son.

In this different state of the transaction from what existed when the law passed, it is deemed advisable to report these circumstances to Congress, as that body possesses the power at once to accept the new proposition, or give such other direction on the subject as these circumstances may appear to justify. The other documents in relation to this claim are numerous, and will be transmitted if desired.

All which is respectfully submitted.

LEVI WOODBURY,

*Secretary of the Treasury.*

To the Hon. JOHN BELL,

*Speaker of the House of Representatives.*

## A.

To obtain from the Secretary of the Treasury the release of Thomas H. Smith and Son and sureties from their liabilities to the United States, the following propositions have, at different periods, been made, as appears from papers on file in the Treasury Department.

In 1829 the Attorney General specially employed to examine the case, reported to the department that Messrs. Bruen, to obtain the release above named, offered to convey to the United States about 800 lots of the Stuyvesant Association property, 80 or 90 lots at Brooklyn, with about \$40,000 of debenture certificates.

The 21st of January, 1830, G. W. Bruen offered to have transferred to the United States the above Stuyvesant Association property, after paying off a mortgage on it of \$93,000, to have also conveyed to the United States four large stone and brick warehouses at Perth Amboy, which had been built at an expense of \$17,000 on land of Matthias Bruen, \$13,548 71 of which sum was furnished by Thomas H. Smith and Son, and also to deliver up \$90,000 of debenture certificates, on condition of the judgments being assigned to some person to be named by him.

On the 6th of July, 1830, Matthias Bruen, in a letter addressed to the Solicitor of the Treasury in reference to the terms of compromise which had been proposed by George W. Bruen, and communicated to the Secretary of the Treasury, through Mr. Hamilton, the district attorney, makes the following propositions, to wit:

"If, however, I can receive any distinct assurance that the arrangement will be entered into (subject to the condition of an act of Congress to be passed at the next session if the present law is considered insufficient) upon the terms proposed, I will undertake to raise the money now due upon the Stuyvesant Association property, or make some satisfactory arrangement to prevent the property from being sacrificed under the foreclosures in chancery. To enable me, however, to do this, I shall require that instructions be given to William Whitehead, Esq., trustee, to cancel the deed of trust of my real estate which was given as collateral security for my replevin bonds, and that the collector of this port (Perth Amboy) be directed to give me up the register of the ship Maria, which has been lying at my wharf in this place since the 16th of April, 1829. It was under a distinct pledge on the part of Mr. Duer, when I gave the Government a lien upon my real estate, that if I chose to assert my title to the ship by an action of replevin, my possession of her should be undisturbed." In the same letter he states the claims he has with those of the house against the United States to be as follows:

"Debenture certificates on goods exported, exceeding - \$100,000  
These, of course, will be surrendered.

There has been paid of cash duties, since the failure of the house, about \$350,000, and upon this sum there ought to be allowed the legal interest of 7 per cent. for one year, the term of credit they were entitled to by law - 24,500

The *damages* that will be assessed against the marshal of this district and of New York cannot be less than the difference between what the property would have sold for at the time of its arrival, and what it eventually realized when sold, which can be proved to be not less than - 100,000

Loss on the ship Maria, depreciated in value	-	-	\$10,000
Ship Beaver, sold by the marshal in New York, worth about			10,000
I have been compelled to pay discounts on paper, extra commissions, &c., in order to enable me to raise the large sums of money unlawfully required to be paid in cash duties, which, I suppose, on the trial, will be allowed, or which in any event would be an equitable offset in an amicable adjustment of account with the Government	-	-	20,000
I have paid a bond on which I was security for the house, and on which I was sued, and judgment obtained on the 10th of October, 1829, so that the records of the United States courts, if other evidence were wanting, would prove the <i>bona fide</i> of the assignment which the Government have put me to so much trouble and expense to maintain	-		9,268
			<hr/> \$273,768 <hr/>

"These items, as far as they go, would certainly diminish the debt due to the United States to a sum not much over \$500,000, an amount for which the property in New York and the stores in Perth Amboy might be sold under the present law."

The 7th of May, 1832, (before Congress had acted on his petition,) Matthias Bruen proposed to the Secretary of the Treasury to relinquish all claim for damages; to deliver up all the debenture certificates, amounting to about one hundred thousand dollars; to execute a good and sufficient title deed for the several lots of ground bounding on 17th street and running to 19th street, in New York, subject to an annuity payable to the corporation, on condition that all claims against George W. Bruen and Herman Bruen, whether on bonds or judgments, should be assigned to him.

The 23d of June, 1832, Matthias Bruen submits to the Secretary of the Treasury the proposition he had made to the committee of the House of Representatives, as the basis for a final arrangement of the debts of Thomas H. Smith and Son. 1st. He to relinquish all claims for damages, estimated at \$171,000. 2d. To surrender all debenture certificates, amounting, as was supposed, to \$100,000. 3d. To remove the mortgage on, and transfer to the United States, the several lots, say about 300, lying between 17th and 19th streets, in New York. The 15th of March, 1834, Matthias Bruen offered to surrender debenture certificates amounting to between 80 and \$90,000, and release all claim for damages against the officers of the Government, and for injury sustained in commercial credit, on condition of all claims against Thomas H. Smith, George W. Bruen, Herman Bruen, and John Bloodgood, being assigned to him.

—◆—  
B.

TREASURY DEPARTMENT,

July 15, 1834.

SIR: I have examined the papers filed in the case embraced by the act of Congress authorizing the Secretary of the Treasury to compromise

and finally settle with the trustee of the late firm of Thomas H. Smith and Son all the claims of the United States upon said firm and their securities.

This act, it appears from a report of a committee of the House of Representatives, was predicated on a memorial from you, and with the knowledge that G. W. Bruen, Esq. had, in 1829, offered (in discharge of the debts due to the Government by Thomas H. Smith and Son) to get conveyed to the United States between 7 and 800 lots of the Stuyvesant Association property, 80 or 90 lots at Brooklyn, \$40,000 debenture certificates. And again, in 1830, that he renewed the offer, by tendering somewhat similar propositions, though in some respects less favorable.

It appears that these offers were probably not accepted from the want of legal authority in the department. Congress was petitioned to grant the power; in giving the necessary authority, they manifestly granted it under an expectation that the compromise would be made substantially on some of the terms which had already been proposed. But it would seem from the papers of a subsequent date, that these terms have been withdrawn, and two or three essential modifications of them made, apparently much less favorable to the Government, and which neither of my predecessors during the two past years have acceded to.

Under these circumstances, I do not feel warranted in accepting the propositions now before me, without first submitting the material and important changes you have made in the terms, to Congress, for its sanction or rejection, at the next session. In the mean time, nothing further can be done, unless you deem it proper to renew substantially the propositions for a compromise which had been made before the act passed.

I propose to accompany the new offers with a brief report, having all the documents in the case annexed, and to do this early in the session, in order that the subject may be properly disposed of after so long a delay.

I am, respectfully,

Your obedient servant,

LEVI WOODBURY,

*Secretary of the Treasury.*

MATTHIAS BRUEN, Esq., *New York.*